

Co-operative Federation of Victoria Ltd

(incorporated under the Victorian Co-operation Act)

ANNUAL REPORT

For year ended 30 June 1994

CO-OPERATIVE PRINCIPLES

1. **Open and voluntary membership**
Membership of a co-operative society should be voluntary and available without artificial restriction or any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.
2. **Democratic control**
Co-operative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form.
3. **Limited interest on shares**
Share capital should only receive a strictly limited rate of interest, if any.
4. **Return of surplus to members**
Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others.
This may be done by decision of the members as follows:
(a) by provision for development of the business of the co-operative;
(b) by provision of common services; or
(c) by distribution among the members in proportion to transactions with the society.
5. **Co-operative education**
All co-operative societies should make provision for the education of their members, officers and employees, and of the general public, in the principles and techniques of co-operation, both economic and democratic.
6. **Co-operation among co-operatives**
All co-operative organisations, in order to best serve the interest of their communities, should actively co-operate in every practical way with other co-operatives at local, national and international levels.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

MISSION

To develop and promote the Co-operative Movement as a means of satisfying the economic and social needs of people.

OBJECTIVES

1. Help improve the performance of member co-operatives in the provision of services to their members.
2. Make representations to government on legislation and policies to facilitate the development of co-operatives.
3. Promote co-operatives to the public.
4. Facilitate and promote the formation of co-operatives.
5. Educate co-operative members and the community at large in co-operative principles and practices.
6. Facilitate co-operation between co-operatives.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

REPORT FROM THE BOARD

Over the past year, the Board of Directors focused on re-establishing the Co-operative Federation of Victoria Ltd as the peak co-operative body in Victoria. Outlined below is a summary of the activities of the Federation during the 1993/94 financial year.

Mission and Objectives

The Board determined a mission statement and objectives for the Federation, which are stated on the previous page.

New Members

The Board approved 20 new members during the past year, and in doing so, achieved the goal of broadening the membership of the Federation to cover most types of co-operatives. Membership now covers agricultural, business and community services, clubs, child care, financial, fishing, hotel, housing, radio, retail, and taxis co-operatives.

Government Relations

Representatives of the Board met with The Honourable Mrs Jan Wade, MLA, Victorian Attorney-General, to introduce the Federation and to argue for a new Co-operatives Act. The Minister invited the Federation to comment on the N.S.W. Co-operatives Act 1992, which is seen as a possible model for a Victorian Act. The Federation compared the N.S.W. Act with proposals previously submitted by Victorian co-operatives, and a detailed submission recommending improvements to the N.S.W. model was forwarded to the State Government in May.

In the 1992/93 and 1993/94 State budgets, financial allocations were made to the Federation, and two grants of \$10,100 and \$15,000 were received during the year to revive the Federation and to assist in implementing the Board's co-operative information and development program respectively. The latter grant will be spent in the 1994/95 financial year.

Member Communication

A major priority of the board for the year was to establish a medium to regularly communicate to members. Two editions of the *Victorian Co-operative News* were published during the period, and future editions will be available every three months.

Co-operative Development

During the year, the Board accepted an offer to administer a grant from the Lance Reichstein Foundation to promote electricity co-operatives. It is expected that an electric co-operative association will be formed during the next year.

CO-OPERATIVE FEDERATION OF VICTORIA LTD

SPECIAL PURPOSE FINANCIAL ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1994

CO-OPERATIVE FEDERATION OF VICTORIA LTD

BOARD OF DIRECTORS

DIRECTORS

John Gill (Chairman)	Victorian Producers' Co-operative Co. Ltd
Stephen Chenery	Wholefoods Co-operative Ltd
Jean Evans	Nth Geelong Rental Housing Co-operative Ltd
Vern Hughes	Sth Kingsville Health Services Co-operative Ltd
Daniel McMullan	Bonlac Foods Limited
Kerry O'Neill	Macaulay Community Enterprise Network Co-operative Ltd
Ian Risstrom	West Gippsland Herd Improvement Co-operative Ltd
Desmond Ryan	Y.C.W. Co-operative Society Ltd

SECRETARY: Anthony Gill

AUDITOR: Grant Thornton
(formerly Thompson Douglas & Co.)
Melbourne

REGISTERED OFFICE: RMB 1282
Langs Road
BLAMPED VICTORIA 3364

Telephone: (053) 457 466
Facsimile: (053) 483 253

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1994

DIRECTORS

The Directors in office as at the date of this report are:

John Gill (Chairman)
Stephen Chenery
Jean Evans
Vern Hughes
Daniel McMullan
Kerry O'Neill
Ian Risstrom
Desmond Ryan

PRINCIPAL ACTIVITIES

The principal activities of the Federation in the course of the financial year were:

- Preparing a submission to the Victorian Attorney-General on co-operatives legislation;
- Developing relations with the Victorian Government and maintaining relations with the Co-operatives Unit of the Department of Justice;
- Publishing the Victorian Co-operative News;
- Providing advice to members;
- Assisting in the development of new co-operatives;
- Providing advice to training providers and supporting co-operative training initiatives.

SIGNIFICANT CHANGES

Significant changes in the nature of those activities during that period were:

All the above activities are new initiatives due to the Federation being revived in May, 1993, as a result of the receipt of grants from the Department of Justice, Victoria.

RESULTS FOR THE YEAR

The net amount of the profit of the Federation for the financial year after provision for income tax was \$6,313.

RESERVES, PROVISIONS

Amounts have been transferred to or from Reserves or Provisions during the financial year as follows : Transfer to Statutory Reserve \$316

SHARES & DEBENTURES

Shares were not issued pursuant to a prospectus during the financial year.

Debentures were not issued pursuant to a prospectus during the financial year.

DIVIDENDS

The Directors recommend that no dividend be paid, and no amount has been paid or declared since the end of the previous financial year.

BAD & DOUBTFUL DEBTS

The Directors took reasonable steps, before the profit and loss account and balance sheet of the Federation were made out to ascertain that all known bad debts were written off and adequate provision was made for doubtful debts.

The Directors at the date of this report are not aware of any circumstances which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent.

CURRENT ASSETS

The Directors have taken reasonable steps to ascertain whether any current assets were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Federation.

The Directors at the date of this report are not aware of any circumstances which would render the values attributed to the current assets in the accounts misleading.

CHARGES AND CONTINGENT LIABILITIES

There exists at the date of this report:

- i No charge on the assets of the Federation which has arisen since the end of the financial year and secures the liabilities of any other person;
- ii No contingent liability which has arisen since the end of the financial year.

No contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Federation to meet its obligations when they fall due.

MATERIAL & UNUSUAL ITEMS & EVENTS

The Directors at the date of this report are not aware of any circumstances not otherwise dealt with in this report or accounts which would render any amount stated in the accounts misleading.

The results of the Federation's operations during the financial year were not in the opinion of the Directors substantially affected by any item, transaction or event of a material and unusual nature.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the results of the Federation's operations for the next succeeding financial year.

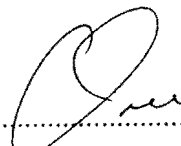
SHARE OPTIONS

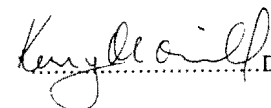
The Federation has not during the course of the year or since the end thereof granted to a person an option to have issued to him/her shares in the Federation.

DIRECTORS' BENEFITS & CONTRACTS

Since the end of the previous financial year, no Director of the Federation has received or become entitled to receive a benefit, by reason of a contract made by the Federation with the Director or with a firm of which he/she is a member or with a company in which he/she has a substantial financial interest.

Signed at Melbourne this 15TH day of August 1994 in accordance with a resolution of the directors.


..... Director


..... Director

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1994

	NOTE	1994 \$	1993 \$
Operating Profit before Income Tax	2	7,814	188
Income Tax Attributable to Operating Profit	3	<u>1,501</u>	<u>-</u>
Operating Profit After Income Tax		6,313	188
Retained profits at the beginning of the financial year		<u>5,314</u>	<u>5,126</u>
Total available for appropriation		11,627	5,314
Transfer to Statutory Reserve	5	<u>316</u>	<u>-</u>
Retained Profits at the End of the Financial Year		<u>11,311</u>	<u>5,314</u>

The accompanying notes form part of these accounts.

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

BALANCE SHEET AS AT 30 JUNE 1994

	NOTE	1994 \$	1993 \$
CURRENT ASSETS			
Cash on hand		7	-
Cash at Bank			
- Commonwealth Bank : At Call		1408	-
- Commonwealth Bank : Term Deposits		25,126	-
- IOOF : Term Deposits		6,596	6,164
- IOOF : At Call		<u>-</u>	<u>10</u>
TOTAL CURRENT ASSETS		<u>33,137</u>	<u>6,174</u>
NON CURRENT ASSETS			
Investment - Shares in Asia Pacific			
Co-operative Training Centre Ltd (at cost)		10	-
Office Equipment (at cost)		230	-
Future Income Tax Benefit		<u>749</u>	<u>-</u>
TOTAL NON CURRENT ASSETS		<u>989</u>	<u>-</u>
TOTAL ASSETS		<u>34,126</u>	<u>6,174</u>
CURRENT LIABILITIES			
Grants received in advance		15,000	-
Provision for Income Tax		2,250	-
Sundry Creditors		<u>4,489</u>	<u>300</u>
TOTAL LIABILITIES		<u>21,739</u>	<u>300</u>
NET ASSETS		<u>12,387</u>	<u>5,874</u>
SHAREHOLDERS EQUITY			
Share Capital	4	760	560
Statutory Reserve	5	316	-
Retained Profits		<u>11,311</u>	<u>5,314</u>
		<u>12,387</u>	<u>5,874</u>

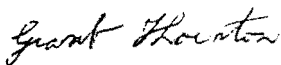
The accompanying notes form part of these accounts

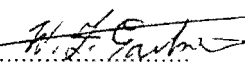
CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

Disclaimer

The additional financial information data presented on the following page is in accordance with the books and records of the Co-operative Federation of Victoria Limited (our client) which have been subjected to the auditing procedures applied in our statutory audit of the Federation for the year ended 30 June 1994. It will be appreciated that our statutory audit did not cover all details of the additional financial data.

Accordingly, we do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither the firm, nor any member or employee of the firm, undertakes responsibility in any way whatsoever to any person (other than our client) in respect of such data, including any errors or omissions therein however caused.


GRANT THORNTON
Chartered Accountants


Partner

Melbourne

15 August 1994

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 1994

	1994 \$	1993 \$
INCOME		
Donations Received	1,000	-
Grants Received	10,100	-
Interest Received	772	629
Membership Subscriptions	<u>28,110</u>	<u>-</u>
	<u>39,982</u>	<u>629</u>
EXPENSES		
Accounting and Audit fees	2,610	300
Bank charges	67	1
Consultants fees	20,743	-
Fax Expenses	797	-
Insurance - Fidelity	140	140
Library Resources	104	-
Photocopier expenses	1,067	-
Postage	343	-
Printing & Publishing	508	-
Secretarial fees	134	-
Staff Training	1,374	-
Stationery & office supplies	283	-
Subscriptions	50	-
Sundry expenses	85	-
Telephone	1,364	-
Travel	<u>2,499</u>	<u>-</u>
	<u>32,168</u>	<u>441</u>
Operating Profit	<u>7,814</u>	<u>188</u>

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 30 JUNE 1994

1 STATEMENT OF ACCOUNTING POLICIES

a Basis of Accounting

The Federation is not a reporting entity because in the Directors' opinion there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs, and these accounts are therefore a "Special Purpose Financial Report" that has been prepared solely to meet the Co-operation Act 1981 requirements to prepare accounts.

The accounts have been prepared in accordance with the applicable Accounting Standards issued by Australian Accounting bodies and the requirements of the Co-operation Act 1981 with the exception that Accounting Standards AASB 1026 (Statement of Cash Flows) has not been adopted.

The accounts have been prepared under the historical cost convention and, therefore, do not taken into account changing money values or, except where stated, the current value of monetary assets.

The accounting policies adopted are consistent with those applied in the previous year with the exception of tax effect accounting.

b Plant and Equipment

Plant and equipment are included at cost. All assets are depreciated over their useful lives by the straight line method.

c Income Tax

The Federation adopts the liability method of tax-effect accounting whereby the income tax expense shown in the profit and loss account is based on the operating profit before income tax adjusted for any permanent differences.

Timing differences which arise due to the different accounting periods in which items of revenue and expenses are included in the determination of operating profit before income tax and taxable income, are brought to account as either provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit. The amount of these benefits is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the Federation will derive sufficient future assessable income and comply with the conditions of deductibility imposed by the law to permit a future income tax benefit to be obtained.

CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR
ENDED 30 JUNE 1994

2 OPERATING PROFIT

Operating profit before income tax has been determined after :	1994	1993
Charging as expense :	\$	\$
Auditors remuneration		
- auditing the accounts	1,200	300
- other services	1,410	-

3 INCOME TAX EXPENSE

The prima facie tax payable on operating profit is reconciled to the income tax provided in the accounts as follows:

Prima facie tax payable on operating profit before income tax at 33 %	2,579	-
Abnormal item - recoupment of prior years tax losses not previously brought to account	<u>1,078</u>	<u>-</u>
	<u>1,501</u>	<u>-</u>

The income tax expense comprises amounts set aside as:

Provision for income tax payable	2,250	-
Future income tax benefit	329	-
Recoupment of future income tax benefit in relation to prior years tax losses not previously brought to account	<u>(1,078)</u>	<u>-</u>
	<u>1,501</u>	<u>-</u>

4 SHARE CAPITAL

Issued capital : 380 shares of \$2 each fully paid	<u>760</u>	<u>560</u>
--	------------	------------

5 MOVEMENT IN RESERVE

Statutory Reserve		
Transfer from profit and loss account	<u>316</u>	<u>-</u>

STATEMENTS ACCOMPANYING THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1994

STATEMENT BY DIRECTORS

The Directors consider that the Federation is not a reporting entity as disclosed in note 1 to the accounts, as in its opinion, there are unlikely to exist users dependent upon general purpose financial statements for information which would be useful to them in making and evaluating decisions about the allocation of scarce resources. The accounts are regarded as a "Special Purpose Financial Report" that has been prepared solely to meet the reporting obligations of the Co-operation Act 1981.

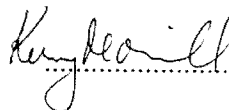
The Federation has applied Accounting Standard AASB 1025 (Application of the Reporting Entity Concept and other Amendments). The accounts have been prepared in accordance with applicable Accounting Standards and the Co-operation Act 1981 with the exception that Accounting Standard AASB 1026 (Statement of Cash Flows) has not been adopted.

In our opinion, the accounts of Co-operative Federation of Victoria Limited are properly drawn up:

- a so as to give a true and fair view of the state of affairs of the Federation as at 30 June 1994 and of the profit of the Federation for the year ended on that date; and
- b in accordance with applicable Accounting Standards.

Signed at Melbourne the 15th day of August 1994 in accordance with a resolution of the directors

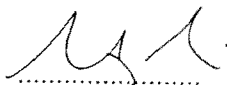
 Director

 Director

STATEMENT BY PRINCIPAL ACCOUNTING OFFICER

To the best of my knowledge and belief the accompanying accounts give a true and fair view of the matters required by Section 130 of the Co-operation Act 1981 (as amended) of the State of Victoria to be dealt with therein.

Signed at Melbourne this 15th day of August 1994.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
CO-OPERATIVE FEDERATION OF VICTORIA LIMITED

Scope

We have audited the accounts being the Statement by Directors, Profit and Loss Account and Balance Sheet and Notes to Accounts of Co-operative Federation of Victoria Limited for the year ended 30 June 1994. The Federation's directors are responsible for the preparation and presentation of the accounts and the information they contain. We have conducted an independent audit of these accounts in order to express an opinion on them to the members of the Federation.

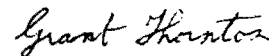
Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the accounts are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the accounts, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian Accounting Standards and the Co-operation Act 1981, so as to present a view which is consistent with our understanding of the Federation's financial position and the results of its operations.

The audit opinion expressed in this report has been formed on the above basis.

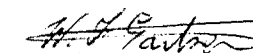
Audit Opinion

In our opinion:

- a we have obtained all the information and explanations required;
- b the accounts of Co-operative Federation of Victoria Limited are properly drawn up in accordance with the provisions of the Co-operation Act 1981 (as amended) so as to give a true and fair view, in accordance with the accounting policies described in Note 1 to the financial statements, of:
 - i the state of affairs of the Federation as at 30 June 1994 and of its results for the year ended on that date, and
 - ii the other matters required by Section 130 of that Act to be dealt with in the accounts;
- c the accounts are properly drawn up in accordance with applicable Accounting Standards with the exception of Accounting Standard AASB1026 (Statement of Cash Flows).
- d the accounting records and other records and registers required by that Act to be kept by the Federation have been properly kept in accordance with the provisions of that Act.



GRANT THORNTON
Chartered Accountants

 Partner
W F GARTNER

Melbourne

15 August 1994